

VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA

**FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2012**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date JUL 31 2013



**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**TABLE OF CONTENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	Page
REQUIRED SUPPLEMENTAL INFORMATION (PART I)	1-6
Management's Discussion and Analysis	
INDEPENDENT AUDITOR'S REPORT	7-8
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet - Governmental Fund - General Fund	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	14
Proprietary Fund – Water and Sewer Fund:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Notes to the Financial Statements	18-29
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedule:	
General Fund	30
OTHER SUPPLEMENTAL INFORMATION	
Schedule of Compensation to Mayor and Aldermen	31
OTHER REPORTS	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i>	32-33
Schedule of Findings	34
Summary Schedule of Prior Year Findings	35

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

As management of Village of Collinston, Louisiana (the Village), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the year ended December 31, 2012. This discussion and analysis of management is designed to provide an objective and easy to read analysis of the Village's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Village's finances. It is also intended to provide readers with an analysis of the Village's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Village. Specifically, this section is designed to assist the readers in focusing on significant financial issues, provide an overview of the Village's financial activity, identify changes in the Village's financial position (its ability to address the next and subsequent years' challenges), identify any material deviations from the financial plan (approved budget), and identify issues or concerns of individual funds.

As with other sections of this financial report, the information contained within this discussion and analysis of management should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the supplementary information that are provided in addition to this discussion and analysis of management.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's financial statements. The Village's basic financial statements consist of the following components:

1. Government-wide financial statements.
2. Fund financial statements.
3. Notes to financial statements.

In addition to the basic financial statements and accompanying notes, the Village also includes in subsequent sections of this report additional information to supplement the basic financial statements.

1. Government-wide financial statements

Government-wide financial statements are designed by Government Accounting Standards Board (GASB) Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time with a concise "entity-wide" statement of net position and statement of activities, seeking to give the users of the financial statements a broad overview of the Village's financial position and results of operations in a manner similar to a private-sector business.

The statement of net position presents information on all of the Village's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies, with the elimination of internal activities. The difference between assets and liabilities is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or weakening. Evaluation of the overall economic health of the Village would extend to other nonfinancial factors in addition to the financial information provided in this report.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

The statement of activities presents information detailing how the Village's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of this statement is to show the financial reliance of the Village's distinct activities or functions on revenues provided by the citizenry of the Village.

The government-wide financial statements report governmental activities of the Village that are principally supported by tax revenues. Governmental activities include general government, public safety (police), public works (streets), sanitation, and public improvement services.

2. Fund financial statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Village uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Village as a whole with major funds being separately reported.

The Village has two fund types:

Governmental funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Village's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and commitment of spendable resources for the near-term.

The proprietary fund is reported in the fund financial statements and generally reports services for which the Village charges customers a fee. The fund essentially encompasses the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Village. Proprietary fund financial statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

As the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. A reconciliation from both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances to the government-wide statements is provided to assist in understanding the differences between these two perspectives.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

3. Notes to financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the financial statements.

Government-Wide Financial Analysis

The following provides a summary of the net position of the Village as of December 31:
NET POSITION

	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 354,256	\$ 149,054
Capital assets, net	<u>1,426,874</u>	<u>1,069,772</u>
Total assets	<u>1,781,130</u>	<u>1,218,826</u>
Liabilities:		
Current	180,618	34,860
Long-term	<u>371,070</u>	<u>383,173</u>
Total liabilities	<u>551,688</u>	<u>418,033</u>
Net position:		
Invested in capital assets, net of debt	1,055,804	686,598
Restricted	-	-
Unrestricted	<u>173,638</u>	<u>114,195</u>
Total net position	<u>\$ 1,229,442</u>	<u>\$ 800,793</u>

As noted earlier, net position may serve over time as a useful indicator of the Village's financial condition. The Village will use the unrestricted net position to meet the ongoing obligations to users of its services and creditors.

By far, the largest portion (90%) of the Village's net position as of December 31, 2012, reflects the Village's investment in capital assets (infrastructure, buildings, improvements, machinery, equipment, and land) less any related debt used to acquire these assets that remains outstanding. The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate the debt.

An additional portion of the Village's net position represents resources that are subject to external restrictions as to how they may be used. The remaining balance, if any, of unrestricted net position may be used to meet the Village's ongoing obligations to citizens and creditors.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

As of December 31, 2012, the Village was able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities except for a deficit in unrestricted assets of the governmental-activities.

The following summarizes the Village's net asset changes between the two years ended December 31:

CHANGE IN NET POSITION

	<u>2012</u>	<u>2011</u>
Program revenues:		
Charges for services	\$ 164,570	\$ 160,545
Operating grants and contributions	32,900	21,393
Capital grants and contributions	437,268	18,591
General revenues:		
Property taxes	10,063	7,537
Sales and use taxes	49,573	29,501
Other taxes, licenses and permits	27,838	22,567
Other	11,735	10,260
Total revenues	<u>733,947</u>	<u>270,394</u>
Expenses:		
General government	55,517	39,361
Public safety	25,298	19,336
Public works	38,625	5,725
Water and sewer	185,858	220,081
Total expenses	<u>305,298</u>	<u>284,503</u>
Change in net position	428,649	(14,109)
Net position at beginning of year	<u>800,793</u>	<u>814,902</u>
Net position at end of year	<u>\$ 1,229,442</u>	<u>\$ 800,793</u>

The Village's total revenues, not including the CDBG grant, increased \$18,385 or 7%. The total cost of all programs and services increased by \$31,860 or 13%. The Village's expenses cover a range of services with approximately 60% of the total related to the provision of water and sewer services.

General revenues are those available for the Village to pay for the governmental activities. For the year ended December 31, 2012, sales taxes totaling \$49,573 were the largest general revenue source for the Village.

Property taxes are also a general revenue source for the Village. For the year ended December 31, 2012, taxes of 7.89 mills were levied on property within the Village's limits. The Village's taxable assessed valuation increased by \$356,470 from the prior year while ad valorem taxes levied increased by \$2,897.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

Program revenues derive directly from the program itself or from parties outside the Village's taxpayers or citizenry. As a whole, they reduce the cost of the function to be financed from the Village's general revenues.

Business-Type Activities

The business-type activities of the Village are the water and sewer services that the Village charges fees to customers to help cover all or most of the costs of providing the services. Operating revenues for the year ended December 31, 2012, of \$145,392 decreased by \$2,507 from \$147,899 in the previous year. Operating expenses of \$167,970 for the year ended December 31, 2012, decreased from the previous year's total of \$202,572 by \$34,602. The primary reason for the decrease was bad debt expense in the prior year of \$11,385. As the village wrote off bad debts in 2011 and tightened its collection procedures in 2012, no bad debt expense was recorded.

Financial Analysis of Governmental Funds

As of December 31, 2012, the General Fund reported an ending fund balance of \$42,148 compared to \$19,279 in the prior year. Revenues increased \$60,070 due to increases in ad valorem taxes, insurance occupational licenses, and sales taxes. Expenditures increased \$45,354 due to increases in salaries, the purchase of a Chevrolet Tahoe with grant funds and other expenditures.

Budgetary Highlights

The Village made one amendment to its General Fund budget for the year ended December 31, 2012. Actual revenues and other financing sources of the General Fund of \$142,456 exceeded budgeted revenues and other financing sources of \$100,850 by \$41,606 or 41% while actual expenditures and other financing uses exceeded budgeted expenditures and other financing uses by \$16,318 or 19%.

Capital Assets and Debt Administration

The Village's investment in capital assets, net of accumulated depreciation, for its governmental and business-type activities as of December 31, 2012 was \$569,770 compared to \$857,104 as of December 31, 2011. This investment in capital assets includes infrastructure, buildings, improvements, machinery, equipment, and land. During 2012 the Village acquired a 2013 Chevrolet Tahoe with grant funds to be used by the police department. Additions also included \$412,268 related to the Village's CDBG projects. Depreciation expense for the year was \$82,702.

As of December 31, 2012, the Village had total bonded debt outstanding of \$371,070. The debt is payable by liens on and pledges of the Village's water and sewer revenues. The Village's total debt decreased \$12,104 during the year ended December 31, 2012, with all debt obligations being timely met.

VILLAGE OF COLLINSTON, LOUISIANA

Management's Discussion and Analysis As of and for the Year Ended December 31, 2012

Economic Factors and Next Year's Budget

The Village has adopted a 2013 budget that is similar to 2012 as no significant changes are expected.

Request for Information

This financial report is designed to provide a general overview of the Village's finances for all of those with an interest in such. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Clerk, P.O. Box 148, Collinston, Louisiana 71229-0148.



Independent Auditor's Report

Honorable Mayor and Members of the
Board of Aldermen
Village of Collinston
Collinston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Collinston, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Village of Collinston
Collinston, Louisiana
Independent Auditor's Report
December 31, 2012

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Collinston, Louisiana, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 through 6 and 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2013, on our consideration of the Village of Collinston's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

BOSCH & STATHAM, LLC

Bosch & Statham

Jonesboro, Louisiana

July 1, 2013

BASIC FINANCIAL STATEMENTS

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 62,937	\$ 93,984	\$ 156,921
Receivables	179,562	17,773	197,335
Internal balances	(12,328)	12,328	-
Capital assets, net of accumulated depreciation	569,770	857,104	1,426,874
TOTAL ASSETS	\$ 799,941	\$ 981,189	\$1,781,130
LIABILITIES			
Accounts payable	\$ 132,499	\$ 193	\$ 132,692
Salaries and related payables	741	809	1,550
Retainages Payable	35,504	-	35,504
Customer deposits payable	-	10,872	10,872
Noncurrent liabilities:			
Due within one year	-	11,509	11,509
Due in more than one year	-	359,561	359,561
Total liabilities	168,744	382,944	551,688
NET POSITION			
Invested in capital assets, net of related debt	569,770	486,034	1,055,804
Unrestricted	61,427	112,211	173,638
Total net position	631,197	598,245	1,229,442
TOTAL LIABILITIES AND NET POSITION	\$ 799,941	\$ 981,189	\$1,781,130

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
		CHARGES FOR	OPERATING	CAPITAL	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
		SERVICES	GRANTS AND	GRANTS AND	ACTIVITIES	ACTIVITIES	
			CONTRIBUTIONS	CONTRIBUTIONS			
Governmental activities:							
General government	\$ 55,517	\$ 5,000	\$ -	\$ -	\$ (50,517)		\$ (50,517)
Public safety	25,298	22,485	-	25,000	22,187		22,187
Public works	38,625	-	32,900	412,268	406,543		406,543
Total governmental activities	<u>119,440</u>	<u>27,485</u>	<u>32,900</u>	<u>437,268</u>	<u>378,213</u>		<u>378,213</u>
Business-type activities:							
Water and sewer	185,858	137,085	-	-	-	\$ (48,773)	(48,773)
Total business-type activities	<u>185,858</u>	<u>137,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,773)</u>	<u>(48,773)</u>
Total primary government	<u>\$ 305,298</u>	<u>\$164,570</u>	<u>\$ 32,900</u>	<u>\$ 437,268</u>	<u>378,213</u>	<u>(48,773)</u>	<u>329,440</u>
General revenues:							
Property taxes					10,063		10,063
Sales and use taxes					49,573		49,573
Franchise taxes					4,560		4,560
Licenses and permits					23,225		23,225
Other taxes, penalties and interest					53		53
Unrestricted investment earnings					109	931	1,040
Other					2,388	8,307	10,695
Total general revenues and transfers					<u>89,971</u>	<u>9,238</u>	<u>99,209</u>
Change in net position					468,184	(39,535)	428,649
Net position at beginning of year					163,013	637,780	800,793
Net position at end of year					<u>\$ 631,197</u>	<u>\$ 598,245</u>	<u>\$ 1,229,442</u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**GOVERNMENTAL FUNDS BALANCE SHEET
BALANCE SHEET
AS OF DECEMBER 31, 2012**

	General Fund	Capital Projects Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 62,937	\$ -	\$ 62,937
Receivables	37,474	142,088	179,562
TOTAL ASSETS	\$ 100,411	\$ 142,088	\$ 242,499
LIABILITIES AND FUND EQUITY			
Liabilities:			
Accounts payable	\$ 25,915	\$ 106,584	\$ 132,499
Retainages Payable	-	35,504	35,504
Salaries and related payables	741	-	741
Due to other funds	12,328	-	12,328
Total liabilities	38,984	142,088	181,072
Fund equity - fund balances:			
Unassigned	61,427	-	61,427
TOTAL LIABILITIES AND FUND EQUITY	\$ 100,411	\$ 142,088	\$ 242,499

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

**Amounts reported for governmental activities in the
statement of activities are different because:**

Total fund balances	\$ 61,427
Capital assets used in governmental activities are not financial resources and, therefore, are expensed in the funds.	<u>569,770</u>
Net position of governmental activities	<u><u>\$ 631,197</u></u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

GOVERNMENTAL FUNDS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	General Fund	Capital Projects Fund	Total Governmental Funds
Revenues:			
Taxes:			
Ad valorem	\$ 10,063	\$ -	\$ 10,063
Sales and use	49,573	-	49,573
Franchise taxes	4,560	-	4,560
Other taxes, penalties, and interest	53	-	53
Licenses and permits	23,225	-	23,225
Intergovernmental funds:			
Federal funds	-	445,168	445,168
State funds:			
Other state funds	25,000	-	25,000
Fines and forfeitures	22,485	-	22,485
Use of money and property	5,109	-	5,109
Other revenues	2,388	-	2,388
Total revenues	<u>142,456</u>	<u>445,168</u>	<u>587,624</u>
Expenditures:			
Current:			
General government:			
Other general government	52,726	-	52,726
Public safety	22,582	-	22,582
Public works	-	32,900	32,900
Capital outlay	25,000	412,268	437,268
Total expenditures	<u>100,308</u>	<u>445,168</u>	<u>545,476</u>
Net change in fund balances	42,148	-	42,148
Fund balances at beginning of year	19,279	-	19,279
Fund balances at end of year	<u>\$ 61,427</u>	<u>\$ -</u>	<u>\$ 61,427</u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS' STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
THE STATEMENT OF ACTIVITIES
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Net change in fund balances - total governmental funds	\$ 42,148
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$11,232) was below capital outlays (\$437,268) for the current period.	<u>426,036</u>
Change in net position of governmental activities	<u><u>\$ 468,184</u></u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2012**

ASSETS

Current assets:

Cash and cash equivalents	\$ 17,071
Receivables	17,773
Due from other funds	12,328

Total current assets	<u>47,172</u>
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Noncurrent assets:

Cash and cash equivalents - restricted	76,913
Capital assets, net of accumulated depreciation	857,104

Total noncurrent assets	<u>934,017</u>
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TOTAL ASSETS	<u>981,189</u>
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LIABILITIES

Current liabilities:

Accounts payable	193
Salaries and related payables	809
Customer deposits payable	10,872
Revenue bonds payable - current	11,509

Total current liabilities	<u>23,383</u>
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Noncurrent liabilities:

Revenue bonds payable	359,561
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TOTAL LIABILITIES	<u>382,944</u>
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NET POSITION

Invested in capital assets, net of related debt	486,034
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Unrestricted	112,211
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TOTAL NET POSITION	<u>\$ 598,245</u>
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See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Operating revenues:	
Charges for services:	
Water fees	\$ 102,424
Sewer fees	34,661
Other revenues	8,307
Total revenues	<u>145,392</u>
Operating expenses:	
Administration:	
Contract labor	4,229
Depreciation	68,934
Dues and subscriptions	2,118
Employee benefits	4,307
Fuel	4,287
Insurance	12,318
Salaries and wages	56,224
Other expenses	782
Postage and shipping	1,063
Professional services	1,641
Repairs and maintenance	2,990
Supplies	3,652
Utilities	5,425
Total operating expenses	<u>167,970</u>
Operating income (loss)	<u>(22,578)</u>
Nonoperating revenues (expenses):	
Interest earned	931
Interest expense	(17,888)
Total nonoperating revenue (expense)	<u>(16,957)</u>
Change in net position	(39,535)
Net position at beginning of year	637,780
Net position at end of year	<u>\$ 598,245</u>

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**PROPRIETARY FUND – WATER AND SEWER FUND
STATEMENT OF CASH FLOWS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Cash flows from operating activities:	
Receipts from customers and users	\$ 139,085
Payments to suppliers and others	(63,803)
Payments to employees	(56,224)
Net refunds of deposits to customers	503
Net cash provided by operating activities	<u>19,561</u>
Cash flows from noncapital financing activities:	
Transfer to other funds	21,392
Net cash provided by noncapital and related financing activities	<u>21,392</u>
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(12,104)
Interest paid on capital debt	(17,888)
Net cash used by capital and related financing activities	<u>(29,992)</u>
Cash flows from investing activities:	
Interest received	931
Net cash provided by investing activities	<u>931</u>
Net increase in cash and cash equivalents	11,892
Cash and cash equivalents, beginning of year (including amounts in restricted accounts)	82,092
Cash and cash equivalents, end of year (including amounts in restricted accounts)	<u>\$ 93,984</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating income (loss)	\$ (22,578)
Adjustments to reconcile operating loss to cash provided by operating activities:	
Depreciation expense	68,934
(Increase) decrease in accounts receivable	(6,307)
Increase (decrease) in accounts payable	(21,273)
Increase (decrease) in payroll related liabilities	282
Increase (decrease) in customer deposits	503
Total adjustments	42,139
Net cash provided by operating activities	<u>\$ 19,561</u>

Noncash investing, capital, and financing activities:
None

See accompanying notes and independent accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Collinston, Louisiana, (the Village) operates under a mayor-board of aldermen form of government in accordance with the provisions of the Lawrason Act. Citizens elect the mayor (at large) and three council members (by districts) who are each compensated. The Village is located in northeast Louisiana, its population is approximately 375, and it employs three full-time people. As of December 31, 2012, the Village services approximately 210 utility customers and maintains approximately three miles of streets.

The Village provides general government, public safety (police), public works (streets), sanitation, and public improvement services.

Governmental Accounting Standards Board (GASB) Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Village is considered a primary government, as it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Village may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. the ability of the municipality to impose its will on that organization and/or
 - b. the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the municipality.
2. Organizations for which the municipality does not appoint a voting majority but are fiscally dependent on the municipality.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria, the Village has determined that Sewer District No. 1 of Village of Collinston, Louisiana, is a component unit of the reporting entity. As required by generally accepted accounting principles, these financial statements present the primary government (the Village) and its component unit. The component unit is reported as part of the municipality and blended with the appropriate municipality funds.

Component units that are legally separate from the municipality, but are so intertwined with the municipality that they are, in substance, the same as the municipality are blended component units.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For a component unit to be blended, the organization's board and the municipality must be substantively the same, or the organization must provide services entirely or almost entirely to the municipality.

Considered in the determination of component units of the reporting entity were Eighth Ward Fire Protection District No. 1 of Morehouse Parish, Louisiana. It was determined that this governmental entity is not a component unit of the Village's reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement presentation (Continued)

For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Village.

The Village reports the following major governmental fund:

The General Fund is the Village's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Village reports one major proprietary fund, the Water and Sewer Enterprise Fund.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the Village's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. However, there were no payments-in-lieu of taxes for the year ended December 31, 2012.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The Water and Sewer Fund's principal operating revenues are water and sewer usage fees. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then unrestricted resources as they are needed.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Type Definitions

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, Village of Collinston classifies governmental fund balances as follows:

Non-spendable	Includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
Restricted	Includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
Committed	Includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end. Fund balance may be committed by the Village of Collinston.
Assigned	Includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Village of Collinston.
Unassigned	Includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

Receivables and payables

Activity between funds outstanding at the end of the fiscal year, including lending and borrowing arrangements, is referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and payables (Continued)

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied by the Village in September or October, are actually billed to the taxpayers in November and are due and payable on or before December 31 of the same year. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year they are billed. The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Morehouse Parish. For the year ended December 31, 2012, taxes of 7.89 mills were levied on property with assessed valuations totaling \$1,289,897.

Budgets

The Village of Collinston (Mayor and Board of Aldermen) adopt an annual budget for the General Fund prior to December 31. The annual budget is prepared in accordance with the basis of accounting utilized by the funds. The Village Clerk is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures resulting from revenues exceeding amounts estimated must be approved by the Board of Aldermen. The budgetary comparison schedule, included as Supplementary information in the accompanying financial statements, includes the original and amended budgeted amounts. All annual appropriations lapse at fiscal year end.

Cash and cash equivalents

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Village of Collinston may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Some of the cash and cash equivalents are restricted. Cash deposits are reported at carrying amount which reasonably approximates fair value.

Investments

Under state law, the Village may invest in United States bonds, notes, or certificates. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

Short-term interfund receivables/payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the fund financial statements balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Elimination and reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Inventories

Inventories are accounted for using the consumption method, where expenditures are recognized as the inventory is used. All purchased inventory items are valued at cost using the first-in/first-out method.

Capital assets

Capital assets are recorded at either historical cost or estimated historical cost and depreciated over their estimated useful lives (excluding salvage value). Donated capital assets are recorded at their estimated fair value at the date of donation. The capitalization threshold for equipment is \$2,500. Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Straight-line depreciation is used based on the following estimated useful lives:

Streets	20 years
Buildings and building improvements	20-25 years
Machinery and equipment	5-10 years
Water and sewer system	10-25 years

Compensated absences

Allowable annual vacation and sick leave is prescribed by municipal ordinance and based on length of continuous employment by the Village. Compensatory time is also granted to supervisory personnel in lieu of overtime pay and should be used by the end of the fiscal year. Payment for unused compensatory time requires approval of the mayor and Board of Aldermen.

The Village's recognition and measurement criteria for compensated absences are as follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following approaches:

1. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
2. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

Compensated absences are paid from the fund responsible for the employee's compensation.

No liability existed as of December 31, 2012, for accrued compensated absences resulting from unused vacation time at the end of the year and no liability was recorded for non-vesting accumulating rights to receive sick pay benefits.

Restricted net position

For the government-wide statement of net position, a balance is reported as restricted when constraints placed on asset use are either:

1. Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, then the unrestricted resources as they are needed.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund equity

Equity is classified as net position and displayed in three components:

Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislations.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Interfund activity

Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that, in the event of a bank failure, the Village's deposits may not be returned to it. The Village's policy to ensure that there is no exposure to this risk is to require each financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Village that the fiscal agent bank has failed to pay deposited funds upon demand.

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

At December 31, 2012, the Village has cash and cash equivalents (book balances) totaling \$159,921 as follows:

Cash and cash equivalents:	
Demand deposits	\$ 75,008
Time deposits	5,000
Total	<u>80,008</u>
Cash and cash equivalents – restricted:	
Demand deposits	76,913
Total	<u>\$ 156,921</u>

These deposits are stated at cost which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2012, the Village had \$169,618 in deposits (collected bank balances). These deposits were secured from risk by federal deposit insurance.

NOTE 3 – RECEIVABLES

The following is a summary of receivables at December 31, 2012:

	<u>General</u>	<u>Capital Projects</u>	<u>Water/ Sewer</u>	<u>Total</u>
Taxes:				
Ad valorem	\$ 1,215	\$ -	\$ -	\$ 1,215
Sales	10,241	-	-	10,241
Franchise	1,018	-	-	1,018
Grants	25,000	142,088	-	167,088
Accounts	-	-	17,773	17,773
Total	<u>\$ 37,474</u>	<u>\$ 142,088</u>	<u>\$ 17,773</u>	<u>\$ 197,335</u>

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 4 – CAPITAL ASSETS

A schedule of changes in capital assets for the year ended December 31, 2012, follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 3,650	\$ -	\$ -	\$ 3,650
Construction in progress	-	412,268	-	412,268
Total capital assets not being depreciated	<u>3,650</u>	<u>412,268</u>	<u>-</u>	<u>415,918</u>
Capital assets being depreciated:				
Streets	143,958	-	-	143,958
Buildings	82,712	-	-	82,712
Building improvements	30,097	-	-	30,097
Machinery and equipment	<u>91,296</u>	<u>25,000</u>	<u>-</u>	<u>116,296</u>
Total capital assets being depreciated	<u>348,063</u>	<u>25,000</u>	<u>-</u>	<u>373,063</u>
Less accumulated depreciation for:				
Streets	36,608	5,725	-	42,333
Buildings	82,712	-	-	82,712
Building improvements	19,986	1,018	-	21,004
Machinery and equipment	<u>68,673</u>	<u>4,489</u>	<u>-</u>	<u>73,162</u>
Total accumulated depreciation	<u>207,979</u>	<u>11,232</u>	<u>-</u>	<u>219,211</u>
Total capital assets being depreciated	<u>140,084</u>	<u>13,768</u>	<u>-</u>	<u>153,852</u>
Governmental activities, capital assets, net	<u>\$ 143,734</u>	<u>\$ 426,036</u>	<u>\$ -</u>	<u>\$ 569,770</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 5,500	\$ -	\$ -	\$ 5,500
Capital assets being depreciated:				
Water and sewer systems	2,092,729	-	-	2,092,729
Machinery and equipment	<u>63,415</u>	<u>-</u>	<u>-</u>	<u>63,415</u>
Total capital assets being depreciated	<u>2,156,144</u>	<u>-</u>	<u>-</u>	<u>2,156,144</u>
Less accumulated depreciation for:				
Water and sewer systems	1,196,379	61,857	-	1,258,236
Machinery and equipment	<u>39,227</u>	<u>7,077</u>	<u>-</u>	<u>46,304</u>
Total accumulated depreciation	<u>1,235,606</u>	<u>68,934</u>	<u>-</u>	<u>1,304,540</u>
Total capital assets being depreciated	<u>920,538</u>	<u>(68,934)</u>	<u>-</u>	<u>851,604</u>
Business-type activities, capital assets, net	<u>\$ 926,038</u>	<u>\$ (68,934)</u>	<u>\$ -</u>	<u>\$ 857,104</u>

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 4 – CAPITAL ASSETS (Continued)

Depreciation expense of the governmental activities of \$11,232 is included in the following functions in the statement of activities:

General government	\$ 2,791
Public safety	2,716
Public works	<u>5,725</u>
	<u>\$ 11,232</u>

NOTE 5 – LONG-TERM OBLIGATIONS

The Village issues bonds where the Village pledges income derived from the acquired or constructed asset to pay debt service.

Bonds payable at December 31, 2012, are comprised of the following issues:

Revenue Bonds:

\$110,000 Water and Sewer Revenue Bonds dated August 20, 1976, payable in incrementally increasing annual installments commencing August 20, 1977, through August 20, 2016, including interest at 5%. The Water and Sewer Fund services this debt.

\$ 19,994

\$411,000 Water Revenue Bonds, Series 2000 dated September 27, 2000, payable in monthly installments of \$1,866 beginning October 27, 2001, and ending October 27, 2040, including interest at 4.5%. The Water and Sewer Fund services this debt.

351,076

Total

\$ 371,070

Long-term liability activity for the year ended December 31, 2012, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>One Year</u>
Business-type activities:					
Water and Sewer Revenue Bonds - \$110,000 Bonds	\$ 25,562	\$ -	\$ (5,568)	\$ 19,994	\$ 5,000
Water Revenue Bonds, Series 2000 - \$411,000 Bonds	<u>357,612</u>	<u>-</u>	<u>(6,536)</u>	<u>351,076</u>	<u>6,509</u>
Business-type activity long-term liabilities	<u>\$383,174</u>	<u>\$ -</u>	<u>\$ (12,104)</u>	<u>\$371,070</u>	<u>\$ 11,509</u>

See accountant's review report.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

NOTE 5 – LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements to maturity for bonds are as follows:

	\$110,000 Water and Sewer Revenue Bonds		\$411,000 Water Revenue Bonds, Series 2000	
	Principal	Interest	Principal	Interest
2013	\$ 5,000	\$ 1,100	\$ 6,509	\$ 15,914
2014	5,000	850	6,808	15,615
2015	5,000	600	7,120	15,303
2016	4,994	300	7,447	14,975
2017	-	-	7,790	14,633
2018-2022	-	-	44,656	67,458
2023-2027	-	-	55,899	56,215
2028-2032	-	-	69,975	42,139
2033-2037	-	-	87,595	24,519
2038-2040	-	-	57,277	4,455
Totals	<u>\$ 19,994</u>	<u>\$ 2,850</u>	<u>\$ 351,076</u>	<u>\$ 271,226</u>

The revenue bonds will be liquidated by liens on and pledges of the Village's water and sewer revenues. Interest expense for the year ended December 31, 2012, totaled \$17,888.

NOTE 6 – CONTINGENCIES

The Village operates water and sewer treatment plants. These operations pose a high risk for environmental liabilities. The Village is required to have EPA permits for wastewater. The Village relies on the EPA for periodic testing and inspections to help identify environmental liabilities or contingencies.

There was no litigation pending at December 31, 2012.

NOTE 7– RISK MANAGEMENT

The Village is exposed to various risks of loss relating to torts, theft of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 1, 2013, the date on which the financial statements were available to be released.

See accountant's review report.

REQUIRED SUPPLEMENTAL INFORMATION

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues:				
Taxes:				
Ad valorem	\$ 7,000	\$ 7,000	\$ 10,063	\$ 3,063
Sales and use	21,000	42,500	49,573	7,073
Franchise taxes	5,500	5,500	4,560	(940)
Other taxes, penalties, and interest	30	60	53	(7)
Licenses and permits	15,700	24,200	23,225	(975)
Other state funds	-	-	25,000	25,000
Fines and forfeitures	9,000	16,000	22,485	6,485
Use of money and property	6,030	5,090	5,109	19
Other revenues	-	500	2,388	1,888
Total revenues	64,260	100,850	142,456	41,606
Expenditures:				
Current:				
General government:				
Other general government	42,490	60,240	52,726	(7,514)
Public safety	20,975	23,750	22,582	(1,168)
Capital outlay	-	-	25,000	25,000
Total expenditures	63,465	83,990	100,308	16,318
Net change in fund balances	795	16,860	42,148	25,288
Fund balance at beginning of year	-	-	19,279	19,279
Fund balances at end of year	\$ 795	\$ 16,860	\$ 61,427	\$ 44,567

OTHER SUPPLEMENTAL SCHEDULE

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**SCHEDULE OF COMPENSATION TO MAYOR AND BOARD OF ALDERMEN
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2012**

Mitch Jeselink, Mayor	\$ 1,500
Dawn Gilbreath	1,200
Frank Miller	1,200
Betty Jones	<u>1,200</u>
Total	<u><u>\$ 5,100</u></u>

OTHER REPORTS



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The President and Members of the
Village of Collinston
Collinston, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund, of the Village of Collinston, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise Village of Collinston's basic financial statements and have issued our report thereon dated July 1, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Collinston's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Collinston's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Collinston's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2012-1, that we consider to be a significant deficiency.

Village of Collinston
Collinston, Louisiana
Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance, etc.
December 31, 2012

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Collinston's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2012-1.

Village of Collinston's Response to Findings

The Village of Collinston's response to the finding identified in our audit is described in the accompanying schedule of findings. The Village of Collinston's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

BOSCH & STATHAM, LLC

Bosch & Statham

Jonesboro, Louisiana
July 1, 2013

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses unqualified opinions on the financial statements of the governmental activities, the business-type activities, and each major fund of the Village of Collinston.
2. One significant deficiency is reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting.
3. One instance of noncompliance material to the financial statements of the Village of Collinston was disclosed during the audit.

B. FINDING

2012-1 Funding Requirements of Loan Resolutions

Condition

The 2009 report included a finding that required reserves and sinking funds were underfunded. We were unable to obtain sufficient documentation to determine what the requirements were.

Criteria

The loan agreements with United States Department of Agriculture require that certain amounts be set aside in specific bank accounts each year to be used only for repairing or improving the water and sewer systems or to make loan repayments.

Cause

Funds were limited for many years and management was unsure of the required amounts. Management has attempted to obtain copies of the requirements from the USDA but has been unsuccessful.

Effect

The Village appears to be in violation with the requirements of loan resolutions.

Recommendation

We recommend that management locate copies of the debt agreements and other documents. The Village should also timely make the required monthly deposits and fund the deficit.

Corrective Action Plan

The Village will make the monthly deposits required by USDA to equal the amount that is required for each bank account.

**VILLAGE OF COLLINSTON
COLLINSTON, LOUISIANA**

**STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Ref. No.	Description of Finding	Corrective Action Taken Yes, No, Partially	Planned Corrective Action/Partial Corrective Action Taken
2011-1	Funding Requirements of Loan Resolutions	Partially	Deposits were made. There is still no document available to determine whether reserves meet requirements.
2011-2	Utility Accounts of an Elected Official and an Employee Past Due	Yes	Accounts were cleared.